

# Long-term Survival Depends on Succession Plans

Any successful business that has been in existence for some years has, at its core, a framework of planning. Annual financial and business plans, long-term strategic plans, performance management plans and production plans all serve to place structure into daily operations. Businesses need plans because they serve as a directional tool to keep everyone focused on set goals. When day-to-day operations become chaotic, as they can, the plan is a reference point to bring them back to reality.

## Failing to Plan – Planning to Fail

Businesses that don't plan typically don't survive in the long term. They may have everything else going for them, but at the first sign of crisis, they are like a rudderless ship. They may weather the first few storms, but eventually there will be a major wave that causes them to flounder. Good business operators know this, so it almost defies belief that many businesses operating long term, sometimes for 40 or more years, have no succession plan in place.

The business world is littered with the remains of once-successful businesses, many of them quite large and well-known, which slowly faded into oblivion. Usually the major driving force has either retired suddenly without a proper hand-over process, or died, leaving a vacuum. Without a clear line of succession, power struggles begin and the management team becomes so dysfunctional, they can no longer run the company. Competitors take their markets, and the company dies a slow death.

Every business owner should have a succession plan. Many know it but have put it aside to get on with their day to day management. It doesn't have to be this way, especially when there are many [accountants Brisbane](#) ready and available with the skills to help owners put a succession plan together. Engaging an external accountant to work on it allows the owner to get on with running the business.

## Use a Professional – It's not a DIY Exercise!

Some owners try to draw up a succession plan themselves, but in doing this, they often miss important details or don't ask themselves the right questions. Items that need to be considered include setting a definite date for the current owners or directors to retire and issues of ownership and how that will pass into other hands. There are also financial considerations such as having capital available to pay capital gains tax if the decision is to sell the business upon retirement.

If the business is a family company and the plan is to hand over to the next generation to manage, this is a different scenario altogether. Sibling and family rivalries can quickly bubble to the surface and disrupt the process of sound management. Having an accountant involved in getting the plan together can be useful when people who have been overlooked question motives. It is much easier to refer them to a

document that includes role descriptions and necessary qualifications developed by an objective outsider, than to tell them they don't have the appropriate skills.

Succession plans pave the way for a smooth transition to new ownership. They set out guidelines, give direction when questions are asked, set actions and timelines for certain processes to occur, and cut through most emotions and illogical assumptions. Anyone responsible for a business or organisation that has no succession plan is leaving the way open for all their hard work to come to nothing. [For more information on succession planning, click here.](#)

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